

FREQUENTLY ASKED QUESTIONS: How “Sequestration” Funding Cuts Will Hurt Domestic Priorities

What is “sequestration”?

“Sequestration” refers to hundreds of billions in cuts to defense and non-defense discretionary funding that have occurred or are scheduled to occur between 2013 and 2021. Sequestration reduces the funding available for education, research, national defense, and a range of other priorities.

Why did sequestration take effect?

Sequestration was never intended to take effect. It was supposed to be a forcing mechanism, threatening such drastic cuts to both defense and non-defense funding that policymakers would be motivated to come to the table and reduce the deficit through smart, balanced reforms. But since that didn’t happen, sequestration took effect in the form of across-the-board cuts in 2013.

At the end of 2013, policymakers came together on a bipartisan basis to buy down a portion of sequestration for 2014 and 2015. But that agreement expires at the end of this fiscal year, which means that sequestration funding levels will return in full in 2016 unless Congress acts to prevent it.

What happened the last time sequestration was in full effect?

The Congressional Budget Office estimated that the sequestration cuts that took effect in March 2013 reduced GDP by 0.6 percentage points and cost 750,000 jobs. Beyond the economic impacts, these cuts also had severe programmatic effects, for example:

- Hundreds of important scientific projects went unfunded. The National Institutes of Health funded fewer competitive research project grants than in any year since 1998.
- Tens of thousands of children lost access to Head Start. Over 57,000 children lost access to Head Start and Early Head Start, and programs also cut days and shortened hours.
- Housing assistance was severely affected. A total of 67,000 Housing Choice Vouchers were lost, and sequestration also set back progress toward ending homelessness.

What will happen under sequestration this year?

A return to sequestration funding levels for 2016 would bring both defense and non-defense funding to the lowest levels in a decade, adjusted for inflation. The Congressional Republican appropriations bills that have been marked up so far show the consequences of that approach across a range of priorities. Below are just a few examples. (These estimates are based on the House bills, but Senate bills released so far would have similar effects.)

- **Early childhood and K-12 education.** Relative to the President's Budget, the House bills would:
 - Reduce access to Head Start. Motivated by evidence that Head Start programs that provide a full school-day and a full school-year have larger impacts on learning, the President's Budget provides a \$1.5 billion increase for Head Start. That amount is enough to ensure that all programs can provide high-quality, preschool for a full school day and a full school year while also reversing recent declines in Head Start enrollment. In contrast, the House Republican budget would lead to either more than 570,000 children in Head Start not receiving the full-day, full-year services they need to succeed, the program serving some 140,000 fewer children, or some combination of the two.
 - Put up a roadblock to our efforts to expand public pre-K to more four year olds, eliminating funding for Preschool Development grants for eighteen States that are in the middle of creating or expanding high-quality preschool to serve as models for making affordable preschool available to all four-year-olds. Pulling these funds away from communities in their third year of implementation seriously jeopardizes their plans to serve nearly 60,000 additional children in preschool and to upgrade the quality of their current preschool programs.
 - Shortchanges K-12 students by underfunding our nation's schools by \$5 billion, eliminating 19 primarily PreK-12 programs, while slashing core programs including Title I. The eliminations take away critical resources now being used to turn around low-performing schools, enhance STEM education, support educators, and create safe school environments.

- **Infrastructure, research, and other investments in growth.** Relative to the President's Budget, the House bills would:
 - Cut funding for competitive Transportation Investment Generating Economic Recovery (TIGER) grants by over \$1 billion, reducing TIGER funding to about 80 percent below the lowest level since the program began in 2009, and severely limiting DOT's ability to support transformative highway, port, and transit projects around the country.
 - At a time when workers need new skills to share in the prosperity of our growing economy, cut employment and training programs by nearly \$500

million, which would result in two million fewer Americans having access to services to help them find jobs and gain skills.

- In addition to drastically cutting funding for efforts to address the economic, public health, and national security challenges presented by climate change, reduce grants to States and Tribes to carry out activities such as water quality permitting, air monitoring, and hazardous waste management programs by roughly \$120 million, or 10 percent, below the President's Budget.
- **Support for vulnerable populations.** Relative to the President's Budget, the House bills would:
 - Cut support for Homeless Assistance Grants by nearly \$300 million, or 12 percent. That cut would result in support for 15,000 fewer homeless or at-risk families with rapid rehousing and 25,500 fewer units or permanent supportive housing targeted to the chronically homeless, and would set back the progress communities across the country have made in partnership with the Federal government toward ending homelessness.
 - Fail to restore the 67,000 Housing Choice Vouchers lost due to the 2013 sequestration, it is also insufficient to renew 28,000 existing vouchers. The Subcommittee bill fails to adequately fund Housing Choice Vouchers, providing \$1.2 billion, or 6 percent, less than the President's request for this assistance to the Nation's most vulnerable families and individuals.

How can we restore these funding cuts?

Trying to restore funding for particular programs while maintaining sequestration funding levels overall would inevitably mean making other problems worse. More funding for research means less funding for Head Start; more funding for transit means less funding for housing assistance; or more funding for criminal justice assistance means less funding for Census – the bottom line is that sequestration levels force a range of unacceptable choices across the Federal budget.

The President's Budget takes a different approach. Building on the bipartisan agreement two years ago, it proposes to end sequestration going forward, fully reversing it for domestic priorities in 2016, matched with equal dollar increases for defense funding. These investments are more than paid for with smart spending cuts, program integrity measures, and commonsense loophole closers, with a Budget that overall meets key tests of fiscal responsibility, keeping deficits low and putting debt on a declining path as a share of the economy.

A bipartisan majority of Senators – along with Representatives from both parties – have called for reversing sequestration cuts to both defense and non-defense funding and replacing the savings with commonsense reforms. That's the kind of agreement Congressional leadership should come to the table to negotiate, the sooner the better.